

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>District Court Funds of District No. 39, City of Roseville,</u> <u>Michigan</u>	County Macomb
Audit Date June 30, 2005	Opinion Date November 23, 2005	Date Accountant Report Submitted To State: December 29, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

District Court Funds of District No. 39, City of Roseville, Michigan

**Financial Report
with Supplemental Information
June 30, 2005**

District Court Funds of District No. 39, City of Roseville, Michigan

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Independent Auditor's Report

To the District Judges of the 39th District
Roseville, Michigan

We have audited the accompanying balance sheet of the District Court Funds of District No. 39 (a component unit of the City of Roseville, Michigan) as of June 30, 2005. This balance sheet is the responsibility of the management of the District Court Funds of District No. 39, City of Roseville, Michigan. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statement referred to above presents fairly, in all material respects, the financial position of the District Court Funds of District No. 39, City of Roseville, Michigan as of June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. The supplemental information has been subjected to the procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

As described in Note I, the District Court's financial statement reflects the provision of GASB Statement No. 34 as of July 1, 2002. The District Court Funds of District No. 39 has not presented a management's discussion and analysis (MD&A), which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that the MD&A is necessary to supplement, although not required to be part of, the basic financial statement.

Plante & Moran, PLLC

November 23, 2005

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District Court Funds of District No. 39, City of Roseville, Michigan

Balance Sheet June 30, 2005

	District Control Unit Collections	Bond Account	Garnishment Account	Jury and Witness Fee Account
Assets - Cash and cash equivalents (Note 2)	<u>\$ -</u>	<u>\$ 127,007</u>	<u>\$ 60,532</u>	<u>\$ -</u>
Liabilities				
Returnable bonds	\$ -	\$ 126,830	\$ -	\$ -
Due to General Fund	-	177	-	-
Escrow deposits	-	-	60,532	-
Total liabilities	<u>\$ -</u>	<u>\$ 127,007</u>	<u>\$ 60,532</u>	<u>\$ -</u>

District Court Funds of District No. 39, City of Roseville, Michigan

**Notes to Balance Sheet
June 30, 2005**

Note I - Significant Accounting Policies

The accounting policies of the District Court Funds of District No. 39, City of Roseville, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

Effective July 1, 2002, the District Court implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The District Court has elected not to present a management's discussion and analysis.

The following is a summary of the significant accounting policies used by the District Court Funds of District No. 39:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to fine and fee collections that are transferred to the District Control Unit (City of Roseville) when processed. The accumulation of those collections and the ultimate payment to the applicable agencies are the responsibility of the District Control Unit. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

The operations of the District Court are included as a separate activity in the General Fund of the City of Roseville.

The District Court is a component unit of the City of Roseville and is included in the basic financial statements of the City at June 30, 2005.

District Court Funds of District No. 39, City of Roseville, Michigan

**Notes to Balance Sheet
June 30, 2005**

Note 2 - Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The District Court has designated one bank for the deposit of its funds. The investment policy adopted by the District Court in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The District Court's deposits and investment policies are in accordance with statutory authority.

The District Court's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the District Court had deposits totaling \$187,539. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$205,363, of which \$200,000 was covered by federal depository insurance. The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

District Court Funds of District No. 39, City of Roseville, Michigan

**Notes to Balance Sheet
June 30, 2005**

Note 2 - Cash and Cash Equivalents (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The District Court has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$ 133,523	AI	Moody's

Supplemental Information

District Court Funds of District No. 39, City of Roseville, Michigan

Schedule of Cash Receipts and Disbursements Year Ended June 30, 2005

	District Control Unit Collections	Bond Account	Garnishment Account	Jury and Witness Fee Account
Cash and Cash Equivalents -				
Beginning of year	\$ -	\$ 114,701	\$ 22,148	\$ -
Receipts				
Fines and fees	2,870,993	-	-	-
Bonds posted	-	770,491	-	-
Garnishments	-	-	125,675	-
Jury and witness fees	-	-	-	500
Interest income	-	1,597	-	-
Total receipts	2,870,993	772,088	125,675	500
Disbursements				
Transfers to District Control Unit	1,855,768	-	-	-
Transfers to District Control Unit for payment to:				
State of Michigan	720,255	-	-	-
Macomb County	67,081	-	-	-
Judges' Retirement System	-	-	-	-
Probation fees	-	-	-	-
Attorney fees	103,161	-	-	-
Refunds and miscellaneous	124,728	-	-	-
Bond refunds, forfeitures, and transfers	-	759,782	-	-
Garnishments	-	-	87,291	-
Jury and witness fees	-	-	-	500
Total disbursements	2,870,993	759,782	87,291	500
Cash and Cash Equivalents -				
End of year	\$ -	\$ 127,007	\$ 60,532	\$ -